

**ND-1FA****Calculation of tax under 3-year averaging method for elected farm income****2004***Attach to Form ND-1***Please type or print in black or blue ink. Enter one letter or number in each box.**

Your name as shown on Form ND-1

Social Security Number

► **See instructions to this schedule to see if you are eligible to use it**

US Dollars

1. North Dakota taxable income from Form ND-1, line 14 1
2. Elected farm income from your 2004 Schedule J (Form 1040), line 2. If this amount includes a net long-term capital gain, see instructions. *Do not enter more than the amount on line 1* 2
3. Subtract line 2 from line 1 3
4. Tax on the amount on line 3 from Tax Table on page 18 of 2004 Form ND-1 instructions 4
5. If you used Schedule ND-1FA to calculate your tax for 2003, enter amount from 2003 Schedule ND-1FA, line 11. If you used Schedule ND-1FA for 2002 but not 2003, enter amount from 2002 Schedule ND-1FA, line 15. If you used Schedule ND-1FA for 2001 but not 2002 nor 2003, enter amount from 2001 Schedule ND-1FA, line 3. *If line 5 is zero or less, see instructions.* Otherwise, enter amount from **2001** Form ND-1, line 13, or from **2001** Form ND-2 Tax Computation Schedule, line 1 5
6. Divide the amount on **line 2** by **3.0** 6
7. Add lines 5 and 6. *If less than zero, enter zero* 7
8. If you used Form ND-1 for 2001, figure the tax on the amount on line 7 using the **2001 Form ND-1 Tax Rate Schedules** on page 2 of the instructions. Otherwise, use the **Form ND-2 Tax Rate Table** on page 1 of the instructions 8
9. If you used Schedule ND-1FA to calculate your tax for 2003, enter amount from 2003 Schedule ND-1FA, line 15. If you used Schedule ND-1FA for 2002 but not 2003, enter amount from 2002 Schedule ND-1FA, line 3. Otherwise, enter amount from 2002 Form ND-1, line 13, or from 2002 Form ND-2, Tax Computation Schedule, line 1, whichever applies. *If line 9 is zero or less, see instructions.* 9
10. Enter amount from line 6 10
11. Add lines 9 and 10. *If less than zero, enter negative number* 11
12. If you used Form ND-1 for 2002, enter tax on the amount on line 11 using the **2002 Form ND-1 Tax Rate Schedules** on page 2 of the instructions. Otherwise, use the **Form ND-2 Tax Rate Table** on page 1 of the instructions 12
13. If you used Schedule ND-1FA to calculate your tax for 2003, enter amount from 2003 Schedule ND-1FA, line 3. Otherwise, enter amount from 2003 Form ND-1, line 14, or from 2003 Form ND-2, Tax Computation Schedule, line 1, whichever applies. *If line 13 is zero or less, see instructions.* 13
14. Enter amount from line 6 14
15. Add lines 13 and 14. *If less than zero, enter negative number* 15
16. If you used Form ND-1 for 2003, enter tax on the amount on line 15 using the **2003 Form ND-1 Tax Rate Schedules** on page 2 of the instructions. Otherwise, use the **Form ND-2 Tax Rate Table** on page 1 the instructions 16
17. Add lines 4, 8, 12 and 16. **Enter this amount on page 2, line 18** 17



18. Enter the amount from page 1, line 17 ----- 18

19. If you used Schedule ND-1FA to calculate your tax for 2003, enter the tax from the 2003 Schedule ND-1FA, line 12. If you used Schedule ND-1FA for 2002 but not 2003, enter amount from 2002 Schedule ND-1FA, line 16. If you used Schedule ND-1FA for 2001 but not 2002 nor 2003, enter amount from 2001 Schedule ND-1FA, line 4. Otherwise, enter amount from 2001 Form ND-1, line 14, or from 2001 Form ND-2, Tax Computation Schedule, line 2 ----- 19

20. If you used Schedule ND-1FA to calculate your tax for 2003, enter amount from 2003 Schedule ND-1FA, line 16. If you used Schedule ND-1FA for 2002 but not 2003, enter amount from 2002 Schedule ND-1FA, line 4. Otherwise, enter amount from 2002 Form ND-1, line 14, or from 2002 Form ND-2, Tax Computation Schedule, line 2, whichever applies ----- 20

21. If you used Schedule ND-1FA to calculate your tax for 2003, enter amount from 2003 Schedule ND-1FA, line 4. Otherwise, enter amount from 2003 Form ND-1, line 15, or from 2003 Form ND-2, Tax Computation Schedule, line 2, whichever applies ----- 21

22. Add lines 19, 20, and 21 ----- 22

23. Subtract line 22 from line 18. If you are a **full-year resident**, enter the amount from this line on Form ND-1, line 15. If you are a **full-year nonresident** or **part-year resident**, enter the amount from this line on Schedule ND-1NR, line 21 ----- (F1) 23

► **Caution:** If you are a full-year resident, the tax on line 23 may be higher than the tax calculated on all of your income (including your farm income) using the regular method. Attach this schedule to your Form ND-1 **only if** you are electing to pay the tax calculated on this schedule.

If you are a full-year nonresident or a part-year resident, you must enter the amount from line 23 of this schedule on Schedule ND-1NR, line 21. Then, complete the remainder of Schedule ND-1NR to determine your actual North Dakota income tax. The tax based on the use of Schedule ND-1FA may be higher than the tax calculated using the regular method. Attach this schedule to your Form ND-1 **only if** you are electing to pay the tax calculated on Schedule ND-1NR resulting from the use of Schedule ND-1FA.

General instructions

Eligibility

You are eligible to use Schedule ND-1FA to calculate your tax for 2004 if you used Schedule J (Form 1040) to calculate your 2004 federal income tax.

The use of Schedule ND-1FA is elective. You do not have to use it even though you used Schedule J (Form 1040) to calculate your federal income tax for 2004.

IMPORTANT: It is possible for the tax calculated using Schedule ND-1FA to be higher than the tax calculated on all of your income using the regular method (without Schedule ND-1FA). Complete and attach Schedule ND-1FA to your Form ND-1 *only if* you are electing to pay the tax that results from using Schedule ND-1FA.

Copies of 2001, 2002, and 2003 returns

You will need copies of your 2001, 2002, and 2003 North Dakota income tax returns to complete the 2004 Schedule ND-1FA. If you do not have a copy of any of these returns, see the back cover of the 2004 Form ND-1 instruction booklet for information on how to obtain one.

If you filed an amended North Dakota income tax return or our office made changes to your North Dakota income tax return for 2001, 2002, or 2003, you must use the corrected amounts when completing Schedule ND-1FA.

Specific line instructions

Line 2

Enter your elected farm income from the 2004 Schedule J (Form 1040), line 2. However, if you claimed an exclusion on line 6 of your 2004 Form ND-1 attributable to a net long-term capital gain included in your federal elected farm income, subtract that portion of the exclusion from your federal elected farm income and enter the result on this line.

Lines 5, 9, and 13

For purposes of completing lines 5, 9, and 13 of the 2004 Schedule ND-1FA, your North Dakota taxable income may be a negative number. If your North Dakota taxable income for a base year is mathematically less than zero, use the negative number for purposes of completing these lines.

Form ND-2 Tax Rate Table

If you used Form ND-2 for the 2001, 2002, or 2003 tax year, use this table to calculate the tax for that tax year.

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over					
\$ 0	\$ 3,000			2.67%	of the revised taxable income	
3,000	5,000	\$ 80.10	+	4.00%	of the amount over	\$ 3,000
5,000	8,000	160.10	+	5.33%	of the amount over	5,000
8,000	15,000	320.00	+	6.67%	of the amount over	8,000
15,000	25,000	786.90	+	8.00%	of the amount over	15,000
25,000	35,000	1,586.90	+	9.33%	of the amount over	25,000
35,000	50,000	2,519.90	+	10.67%	of the amount over	35,000
50,000		4,120.40	+	12.00%	of the amount over	50,000

2001 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2001 tax year, use these tax rate schedules to calculate the tax to enter on line 8. Use the schedule that corresponds to your filing status for the 2001 tax year.

Single				Married filing jointly and Qualifying widow(er)			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$	0 \$	27,050	2.1% of the revised taxable income	\$	0 \$	45,200	2.1% of the revised taxable income
27,050	65,550	...	\$ 568.05 + 3.92% of amount over	\$	45,200	109,250	...
65,550	136,750	...	2,077.25 + 4.34% of amount over	109,250	166,500	...	3,459.96 + 4.34% of amount over
136,750	297,350	...	5,167.33 + 5.04% of amount over	166,500	297,350	...	5,944.61 + 5.04% of amount over
297,350			13,261.57 + 5.54% of amount over	297,350			12,539.45 + 5.54% of amount over

Married filing separately				Head of Household			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$	0 \$	22,600	2.1% of the revised taxable income	\$	0 \$	36,250	2.1% of the revised taxable income
22,600	54,625	...	\$ 474.60 + 3.92% of amount over	\$	36,250	93,650	...
54,625	83,250	...	1,729.98 + 4.34% of amount over	93,650	151,650	...	3,011.33 + 4.34% of amount over
83,250	148,675	...	2,972.31 + 5.04% of amount over	151,650	297,350	...	5,528.53 + 5.04% of amount over
148,675			6,269.73 + 5.54% of amount over	297,350			12,871.81 + 5.54% of amount over

2002 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2002 tax year, use these tax rate schedules to calculate the tax to enter on line 12. Use the schedule that corresponds to your filing status for the 2002 tax year.

Single				Married filing jointly and Qualifying widow(er)			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$	0 \$	27,950	2.1% of the revised taxable income	\$	0 \$	46,700	2.1% of the revised taxable income
27,950	67,700	...	\$ 586.95 + 3.92% of amount over	\$	46,700	112,850	...
67,700	141,250	...	2,145.15 + 4.34% of amount over	112,850	171,950	...	3,573.78 + 4.34% of amount over
141,250	307,050	...	5,337.22 + 5.04% of amount over	171,950	307,050	...	6,138.72 + 5.04% of amount over
307,050			13,693.54 + 5.54% of amount over	307,050			12,947.76 + 5.54% of amount over

Married filing separately				Head of Household			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$	0 \$	23,350	2.1% of the revised taxable income	\$	0 \$	37,450	2.1% of the revised taxable income
23,350	56,425	...	\$ 490.35 + 3.92% of amount over	\$	37,450	96,700	...
56,425	85,975	...	1,786.89 + 4.34% of amount over	96,700	156,600	...	3,109.05 + 4.34% of amount over
85,975	153,525	...	3,069.36 + 5.04% of amount over	156,600	307,050	...	5,708.71 + 5.04% of amount over
153,525			6,473.88 + 5.54% of amount over	307,050			13,291.39 + 5.54% of amount over

2003 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2003 tax year, use these tax rate schedules to calculate the tax to enter on line 16. Use the schedule that corresponds to your filing status for the 2003 tax year.

Single				Married filing jointly and Qualifying widow(er)			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$	0 \$	28,400	2.1% of the revised taxable income	\$	0 \$	47,450	2.1% of the revised taxable income
28,400	68,800	...	\$ 596.40 + 3.92% of amount over	\$	47,450	114,650	...
68,800	143,500	...	2,180.08 + 4.34% of amount over	114,650	174,700	...	3,630.69 + 4.34% of amount over
143,500	311,950	...	5,422.06 + 5.04% of amount over	174,700	311,950	...	6,236.86 + 5.04% of amount over
311,950			13,911.94 + 5.54% of amount over	311,950			13,154.26 + 5.54% of amount over

Married filing separately				Head of Household			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$	0 \$	23,725	2.1% of the revised taxable income	\$	0 \$	38,050	2.1% of the revised taxable income
23,725	57,325	...	\$ 498.23 + 3.92% of amount over	\$	38,050	98,250	...
57,325	87,350	...	1,815.35 + 4.34% of amount over	98,250	159,100	...	3,158.89 + 4.34% of amount over
87,350	155,975	...	3,118.43 + 5.04% of amount over	159,100	311,950	...	5,799.78 + 5.04% of amount over
155,975			6,577.13 + 5.54% of amount over	311,950			13,503.42 + 5.54% of amount over